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January 31, 2007

VIA HAND DELIVERY

The Honorable Charles L.A. Terreni Chief Clerk/Administrator

South Carolina Public Service Commission

Post Office Drawer 11649

Columbia, SC 29211

Re: Application of Kiawah Island Utility, Inc. for Approval of an Increase in

Dept: 9

Its Rates and Charges for Water and Sewer Service

Docket No.: 2001-164-W/S

Dear Mr. Terreni:

The Office of Regulatory Staff ("ORS") does not oppose the requested increase in rates and charges for water and sewer service by Kiawah Island Utility, Inc. ("KIU") in its January 26, 2007 letter. ORS has reviewed this matter and has no objections to the proposed pass-through increase due to an increase in the wholesale cost of potable water KIU purchases from St. Johns Water Company.

Thank you for your consideration in this matter.

Sincerely,

C. Lessie Hammonds

cc: G. Trenholm Walker